

September 27, 2012

To: New Mexico Finance Authority Board
From: Richard E. May

All Board Members:

Since I have never been given an opportunity to address the full Board regarding all of the facts surrounding the fraudulent audit, I want to send every Board member a copy of the presentation I gave to the Finance Authority's Executive Committee on Monday, September 24, 2012. Attached is a copy of that presentation and several other documents mentioned within the presentation. I strongly encourage Board members to review my statement and these documents carefully. I believe it will provide each of you with a far better understanding of senior management's and my actions and provide needed context why various events have unfolded over the past 77 days.

This presentation is a comprehensive review of the facts and clearly indicates that I did nothing wrong in regards to the fraudulent audit and took every appropriate step possible to address this situation. Further, I have listed numerous facts, which show without a doubt, there was no reason to suspect the audit document presented by Mr. Campbell to senior management and the Board in March 2012 was fraudulent.

In addition to the 14 individual examples listed where either Mr. Campbell mislead the Board and senior management or how senior management and me were never notified by Clifton Gunderson, the State Auditor's office, and others that the Fiscal Year 2011 was never timely filed, I would like to note another important and crucial event. This important event provides further evidence that Clifton Gunderson failed to fulfill their responsibility in regards to the Fiscal Year 2011 audit.

Under Section 2.2.2.9 (A) (5) of the State Audit Rule, the external auditor, Clifton Gunderson, is required to notify the State Auditor and the audited entity's oversight agency if there are circumstances that will cause the audit report to be late. This rule also requires the external auditor to have a representative with authority from the entity co-sign this notification to the State Auditor. Clifton Gunderson never provided any letter to me for signature nor was this letter, as required by the State Audit Rule, ever sent to the State Auditor by Clifton Gunderson. The importance of this breach of duty by Clifton Gunderson cannot be emphasized enough. If this notification would have been provided to me, there would have been immediate doubt cast on Mr. Campbell's veracity in regards to the Fiscal Year 2011 audit. Plus, immediate steps would have been taken to ensure the audit was completed as quickly as possible.

If Clifton Gunderson and other firms and various entities would have simply fulfilled their responsibilities in regards to the Fiscal Year 2011 audit, Mr. Campbell would never have had the opportunity to create a fraudulent document, or create the situation that led to the posting of the fraudulent audit, and the entire matter would have never happened.

My presentation also reviews the advice that national experts provided me and senior management and why it was absolutely necessary to hire a respected national law firm and forensic unit to conduct an immediate independent investigation. It also shows how this action plan was the result of direct involvement of the then acting Chair, vetting by the Executive Committee, and review by all other Board members.

And finally, my presentation notes, in my view, explicitly how various actions over the past 77 days have been part of an effort to embarrass the Finance Authority, and retaliate against me, and other members of senior management to create a more favorable environment to greatly diminish the Finance Authority's mission, scope, and purpose. May I remind the Board of misstatements challenging my integrity in having a former federal prosecutor conduct a truly independent investigation. Until September 24, I was never given any opportunity to provide any facts to the Finance Authority about the fraudulent audit. No investigative findings have yet been released. Nevertheless, public statements were made about my so-called responsibility for this situation. Mr. Duff's was arrested and charged with most serious felony offenses. Mr. Duff was arrested and handcuffed in front of the Finance Authority's offices with television cameras rolling. Mr. Duff has been exonerated by the Santa Fe County Grand Jury.

I sincerely hope the Board will start asking some serious questions about the motivation behind the 13 Point Memo and how that document explains why there has been a concerted effort since July 12, 2012 to degrade the Finance Authority and the reputations of me and other highly skilled and professional staff and engage in retaliatory conduct directed towards me when I was trying to preserve and protect the integrity and interests of the Finance Authority. I hope that the Board will pause and reconsider the rushed judgments to terminate my employment status as the Board is just beginning to understand the facts and the motivations behind this situation.

My presentation also lists my many accomplishments as the Chief Executive Officer of the Finance Authority.

As I have stated from the beginning, the fraudulent audit was the result of only one rogue employee and it is highly unlikely any money is missing. The actions of this one individual should not become the rationale for my termination and dramatically restructuring an organization that has been so important to improving the quality of life in New Mexico and expanding the infrastructure so essential to economic growth and job creation.

Thank you for taking the time to read my presentation. I still request an opportunity to appear before the full Board and answer any questions the Board may have.